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13 Tulare Regional Medical Center

14 IN THE UNITED STATES BANKRUPTCY COURT

15 EASTERN DISTRICT OF CALIFORNIA

16 FRESNO DIVISION

17 In re

CASE NO. 17-13797

18 TULARE LOCAL HEALTHCARE
19 DISTRICT, dba TULARE
20 REGIONAL MEDICAL CENTER,

21 Debtor.

Chapter 9

22 Tax ID #: 94-6002897
23 Address: 869 N. Cherry Street
24 Tulare, CA 93274

WW-95

25 Date: TBD
26 Time: TBD
27 Place: 2500 Tulare Street
28 Judge: Honorable René Lastreto II

PLAN FOR THE ADJUSTMENT OF DEBTS DATED AS OF APRIL 30, 2019

The Tulare Local Health Care District, dba Tulare Regional Medical Center, a Chapter 9 debtor, proposes the following plan of adjustment under Section 941 of the Bankruptcy Code for the resolution of its debts. All impaired Creditors and other parties-in-interest should refer to the Disclosure Statement for a discussion of the Debtor's financial condition, developments during the Chapter 9 Case and for a summary and analysis of the Plan and certain related matters. **All holders of impaired**

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1 Claims against the Debtor are encouraged to read the Plan, the Disclosure
2 Statement and the related solicitation materials in their entirety before voting to
3 accept or reject the Plan.

4 Subject to the restrictions on modifications set forth in Section 942 of the
5 Bankruptcy Code and Bankruptcy Rule 3019, and those restrictions on modifications set
6 forth in Section 10.1 of this Plan, the Debtor expressly reserves the right to alter, amend
7 or modify the Plan one or more times before its effectiveness.

ARTICLE

DEFINITIONS AND RULES OF INTERPRETATION

For purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined herein have the meanings ascribed to them in Article I of the Plan. Any term used in the Plan that is not defined herein but is defined in the Bankruptcy Code or the Bankruptcy Rules retains the meaning specified for such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable. Whenever the context requires, such terms include the plural as well as the singular, the masculine gender includes the feminine gender, and the feminine gender includes the masculine gender.

As used in this Plan, the following terms have the meanings specified below:

19 **1.1 Administrative Claim.** A Claim for an administrative expense of the
20 Chapter 9 Case that is Allowed under Sections 901 and 503 of the Bankruptcy Code
21 and entitled to priority under Section 507 and 901 of the Bankruptcy Code.

22 1.2 **Administrative Claim Bar Date.** The date established pursuant to the
23 Order by which (a) certain entities asserting a Claim or entitlement for an administrative
24 expense of the Chapter 9 Case must have filed a request for payment with the
25 Bankruptcy Court under Sections 503 and 901 of the Bankruptcy Code (including any
26 requests for priority for the value of goods received by the Debtor within 20 days before
27 the Petition Date pursuant to Section 503(b) of the Bankruptcy Code, whether or not a
28 Claim for such amount has previously been filed in a proof of claim or listed in the List of

1 Creditors) must be filed with the Bankruptcy Court, or be forever barred from asserting a
2 Claim against the Debtor or the Debtor or its property, voting on the Plan, and sharing in
3 any distribution under the Plan.

4 **1.3 Adventist Health.** Adventist Health System/West, doing business as
5 Adventist Health.

6 **1.4 AH Tulare.** Adventist Health Tulare.

7 **1.5 Agent.** Any shareholder, director, officer, employee, partner, member,
8 agent, attorney, accountant, advisor or other representative of any person or entity
9 (solely in their respective capacities as such, and not in any other capacity).

10 **1.6 Allowed.** Any Claim that is: (a) (i) timely filed on or before the Bar Date,
11 Administrative Claim Bar Date or Rejection Claim Bar Date, as applicable, (ii) deemed
12 filed on the List of Creditors or (iii) allowed by this Plan and (b) (i) not Disputed, or (ii)
13 allowed, but only to the extent allowed, by the Plan, by any agreement or stipulation
14 between the Debtor and the holder of such Claim, or by a Final Order. The term
15 "Allowed," when used to modify a reference in the Plan to any Claim or Class of Claims
16 means a Claim (or any Claim in any such Class) that is so allowed.

17 **1.7 Assumption Obligations.** Any undisputed monetary amounts payable to
18 the non-debtor party to any executory contract or unexpired lease, pursuant to Section
19 365(b)(1) of the Bankruptcy Code, as a condition to the assumption of such contract or
20 lease.

21 **1.8 Ballot.** The form for acceptance or rejection of the Plan distributed to
22 those Creditors entitled to vote on the Plan. Any Ballot which is executed by the holder
23 of an Allowed Claim but which does not indicate an acceptance or rejection of the Plan
24 shall be deemed to be an acceptance of the Plan.

25 **1.9 Bankruptcy Code.** Title 11 of the United States Code, 11 U.S.C. §§ 101-
26 1532, as amended from time to time and as applicable to the Chapter 9 Case.

27 **1.10 Bankruptcy Court.** The United States Bankruptcy Court for the Eastern
28 District of California having jurisdiction over the Chapter 9 Case and, to the extent of

1 any reference under 28 U.S.C. § 157, the unit of such District Court under 28 U.S.C. §
2 151.

3 **1.11 Bankruptcy Rules.** Collectively, the Federal Rules of Bankruptcy
4 Procedure as promulgated under 28 U.S.C. § 2075 and any Local Rules of the
5 Bankruptcy Court, as applicable to the Chapter 9 Case.

6 **1.12 Bar Date.** April 10, 2018.

7 **1.13 Bond Document.** Any indenture, resolution, paying agent agreement,
8 bond instrument or other document that evidences, was executed in connection with, or
9 secures Series A General Obligation Bonds, Series B-1 General Obligation Bonds,
10 Series B-2 General Obligation Bonds or Revenue Bonds.

11 **1.14 Bond Insurer.** Syncora Guarantee Inc., as bond insurer for the Series A
12 General Obligation Bonds, or any successor.

13 **1.15 Business Day.** Any day other than a Saturday, Sunday, or legal holiday,
14 as defined in Bankruptcy Rule 9006(a).

15 **1.16 Cash.** Cash and cash equivalents including checks drawn on a bank
16 insured by the Federal Deposit Insurance Corporation, certified checks, money orders,
17 negotiable instruments, and wire transfers of immediately available funds.

18 **1.17 Chapter 9 Case.** The case under Chapter 9 of the Bankruptcy Code in
19 which the District is a debtor pending before the Bankruptcy Court.

20 **1.18 City of Tulare.** The Municipality of the same name.

21 **1.19 Claim.** A claim against the Debtor within the meaning of Section 101(5) of
22 the Bankruptcy Code.

23 **1.20 Class.** A category of holders of Claims which are substantially similar in
24 nature to the Claims of other holders placed in such category, as designated in Article III
25 of this Plan.

26 **1.21 Confirmation.** Entry of the Confirmation Order.

27 **1.22 Confirmation Date.** The date on which the Bankruptcy Court enters the
28 Confirmation Order.

1 **1.23 Confirmation Hearing.** The hearing or hearings held by the Bankruptcy
2 Court to consider confirmation of the Plan under Section 943 of the Bankruptcy Code,
3 as such hearing may be continued from time to time.

4 **1.24 Confirmation Order.** The order of the Bankruptcy Court (a) confirming
5 the Plan in accordance with the Bankruptcy Code, (b) appointing the Disbursing Agent,
6 and (c) determining that the deposit by the Debtor of the Effective Date Deposit into the
7 Plan Fund following the Effective Date shall, pursuant to Section 944(b)(3) of the
8 Bankruptcy Code, secure the payment of the obligations of the Debtor to Creditors as
9 provided in the Plan.

10 **1.25 Creditor.** An entity within the meaning of Section 101(10) of the
11 Bankruptcy Code.

12 **1.26 Debtor.** The District.

13 **1.27 Disbursing Agent.** The District.

14 **1.28 Disclosure Statement.** The disclosure statement relating to the Plan
15 including, without limitation, all exhibits and schedules to such disclosure statement, in
16 the form approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy
17 Code and Bankruptcy Rule 3017.

18 **1.29 Disclosure Statement Order.** The Order Approving Disclosure
19 Statement; Fixing Time For Filing Acceptance Or Rejection Of Plan And Notice Of
20 Confirmation Hearing on Chapter 9 Plan.

21 **1.30 Disputed.** Any Claim that is: (a) identified in the List of Creditors as
22 unliquidated, disputed, or contingent and for which no proof of Claim has been filed by
23 the Creditor; or (b) as to which the Debtor or any other proper party-in-interest has
24 interposed a timely objection or request for estimation, or has sought to equitably
25 subordinate or otherwise limit recovery in accordance with the Bankruptcy Code and the
26 Bankruptcy Rules, or which is otherwise disputed by the Debtor in accordance with
27 applicable law, and such objection, request for estimation, action to subordinate or limit
28 recovery or other dispute has not been withdrawn or determined by a Final Order. The

1 term "Disputed," when used to modify a reference in the Plan to any Claim or Class of
2 Claims, means a Claim (or any Claim in any such Class) that is so disputed. Any claim
3 that is or becomes allowed shall not be later disputed.

4 **1.31 Distribution.** A payment of Cash to the holder of an Allowed Claim
5 pursuant to the Plan.

6 **1.32 District.** The Tulare Local Health Care District, dba Tulare Regional
7 Medical Center, a political subdivision of the State of California.

8 **1.33 District Governing Body.** The elected directors and appointed officers of
9 the District.

10 **1.34 District Law.** The Local Health Care District Law under Sections 32000
11 *et seq.* of the California Health and Safety Code.

12 **1.35 Effective Date.** The later of: (a) the first Business Day that is at least sixty
13 (60) days after the Confirmation Date and on which no stay of the Confirmation Order is
14 in effect; and (b) the Business Day on which all of the conditions set forth in Section 7.2
15 of the Plan have been satisfied or waived.

16 **1.36 Final Order.** An order or judgment of the Bankruptcy Court: (a) as to
17 which the time to appeal, petition for certiorari, or move for reargument or rehearing has
18 expired; or (b) as to which no appeal, petition for certiorari, or other proceedings for
19 reargument or rehearing is pending; or (c) as to which any right to appeal, petition for
20 certiorari, reargue, or rehear has been waived in writing in form and substance
21 satisfactory to the Debtor or the Debtor; or (d) if an appeal, writ of certiorari, or
22 reargument or rehearing has been sought, as to which the highest court to which such
23 order was appealed, or certiorari, reargument or rehearing has determined such appeal,
24 writ of certiorari, reargument, or rehearing, or has denied such appeal, writ of certiorari,
25 reargument, or rehearing, and the time to take any further appeal, petition for certiorari,
26 or move for reargument or rehearing has expired; provided, however, that the possibility
27 that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any
28

1 analogous rule under the Bankruptcy Rules, may be filed with respect to such order
2 does not prevent such order from being a Final Order.

3 **1.37 Hospital.** The District Hospital and related buildings located at 869 N.
4 Cherry Street, Tulare, California.

5 **1.38 Liability Claim.** A Claim against the Debtor pursuant to (a) the
6 Government Claims Law, or (b) the Workers' Compensation Law.

7 **1.39 Lien.** A lien as defined in Section 101(37) of the Bankruptcy Code, but
8 not including a lien that has been avoided in accordance with Sections 544, 545, 546,
9 547, 548, 553, or 549 of the Bankruptcy Code.

10 **1.40 List of Creditors.** The *List of Claims* filed by the Debtor on October 27,
11 2017, pursuant to Section 924 of the Bankruptcy Code and Bankruptcy Rule 1007, as
12 such list may have been or may be supplemented or amended from time to time.

13 **1.41 Medi-Cal.** The Department of Health Care Services of the Health and
14 Human Services Agency of the State of California.

15 **1.42 Medi-Cal Provider Agreement.** Collectively, the health insurance benefit
16 agreements for the participation of the District Hospital in the Medicaid plan
17 administered by Medi-Cal.

18 **1.43 Medicare Provider Agreement.** Collectively, the health insurance benefit
19 agreements for the participation of the District Hospital in the Medicare program
20 established pursuant to the Social Security Act.

21 **1.44 Person.** Any individual, corporation, partnership or other "person" as
22 defined in Section 101(41) of the Bankruptcy Code, as well as any governmental
23 agency, governmental unit or associated political subdivision.

24 **1.45 Petition Date.** September 30, 2017.

25 **1.46 Plan.** This Chapter 9 plan of adjustment, either in its present form or as it
26 may be amended, supplemented or modified from time to time, including all annexed
27 exhibits and schedules.

1 **1.47 Plan Fund.** The segregated account established pursuant to the Plan for
2 the purpose of distributions to Class 8 under the Plan.

3 **1.48 Plan Payments.** All amounts to be paid by the Debtor or by any Person
4 for services or expenses in or in connection with the Chapter 9 Case or the Plan
5 pursuant to Section 943(b) of the Bankruptcy Code.

6 **1.49 Plan Supplement.** The compilation of documents and forms of
7 documents, schedules, and exhibits to this Plan, to be filed prior to the date on which
8 the confirmation hearing on the Plan is commenced, including any documents as
9 necessary or desirable to implement the terms of this Plan. Subject to sections 901 and
10 1127 of the Bankruptcy Code, the Plan Supplement may also include changes to this
11 Plan

12 **1.50 Preference Actions.** Avoidance actions under Sections 547 and 550 of
13 the Bankruptcy Code.

14 **1.51 Pro Rata.** Proportionately, so that, with respect to a Claim, the ratio of (a)
15 (i) the amount of property distributed on account of a particular Claim to (ii) the Allowed
16 Amount of the Claim, is the same as the ratio of (b) (i) the amount of property distributed
17 on account of all Allowed Claims of the Class entitled to share in the applicable
18 distribution to (ii) the amount of all Allowed Claims in the Class entitled to share in the
19 applicable distribution.

20 **1.52 Reinstated.** Unless otherwise expressly set forth in this Plan, (a) leaving
21 unaltered the legal, equitable and contractual rights to which a Claim entitles the holder
22 or (b) notwithstanding any contractual provision or applicable law that entitles the holder
23 of such Claim to demand or receive accelerated payment of such Claim after the
24 occurrence of a default, (i) the cure of any such default other than a default of a kind
25 specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2)
26 of the Bankruptcy Code expressly does not require to be cured; (ii) the reinstatement of
27 the maturity of such Claim as such maturity existed before such default; (iii)
28 compensation of the holder of such Claim for any damages incurred as a result of any

1 reasonable reliance by such holder on such contractual provision or such applicable
2 law; (iv) if such Claim arises from any failure to perform a nonmonetary obligation other
3 than a default arising from failure to operate a nonresidential real property lease subject
4 to section 365(b)(1)(A) of the Bankruptcy Code, compensation of the Holder of such
5 Claim for any actual pecuniary loss incurred by such Holder as a result of such failure;
6 and (v) not otherwise altering the legal, equitable or contractual rights to which such
7 Claim entitles the Holder. "Reinstate" and "Reinstatement" shall have correlative
8 meanings.

9 **1.53 Retained Claims and Defenses.** All claims, rights, interests, causes of
10 action, defenses, counterclaims, cross-claims, third-party claims, or rights of offset,
11 recoupment, subrogation or subordination held by the Debtor (including rights to or
12 claims under any insurance policy issued to or for the benefit of the Debtor), whether or
13 not pending on the Effective Date, not otherwise released or settled pursuant to a Final
14 Order entered before the Effective Date, including Avoidance Actions.

15 **1.54 Revenue Bonds.** The District's Tulare Local Health Care District (Tulare
16 County, California) Refunding Revenue Bonds, Series 2007, issued in the original
17 aggregate principal amount of \$17,850,000 that, from and after the Effective Date, shall
18 (a) be Reinstated, (b) remain outstanding, and (c) be payable on the terms specified in
19 the related Bond Documents, the Revenue Bond Supplement, and this Plan.

20 **1.55 Revenue Bonds Claims.** Any Claims relating to or based upon the
21 Revenue Bonds or related Bond Documents.

22 **1.56 Revenue Bond Supplement.** Any deed of trust, mortgage, security or
23 other documents in the form specified in a Plan Supplement to reflect the treatment of
24 the Revenue Bonds set forth in this Plan.

25 **1.57 Trustee / Paying Agent.** Wilmington Trust, N.A., as indenture trustee
26 and paying agent for the General Obligation and Revenue Bonds, or any successor.

27 **1.58 Series A General Obligations Bonds.** The District's Tulare Local Health
28 Care District (Tulare County, California) General Obligation Bonds, Election of 2005,

1 Series A (2007), issued in the original aggregate principal amount of \$15,000,000 that,
2 from and after the Effective Date, shall (a) be Reinstated, (b) remain outstanding, and
3 (c) be payable on the terms specified in the related Bond Documents and this Plan.

4 **1.59 Series A General Obligations Bonds Claims.** Any Claims relating to or
5 based upon the Series A General Obligation Bonds or related Bond Documents.

6 **1.60 Series B-1 General Obligation Bonds.** The District's Tulare Local
7 Health Care District (Tulare County, California) General Obligation Bonds, Election of
8 2005, Series B-1 (2009), issued in the original aggregate principal amount of
9 \$8,595,000 that, from and after the Effective Date, shall (a) be Reinstated, (b) remain
10 outstanding, and (c) be payable on the terms specified in the related Bond Documents
11 and this Plan.

12 **1.61 Series B-1 General Obligation Bonds Claims.** Any Claims relating to or
13 based upon the Series B-1 General Obligation Bonds or related Bond Documents.

14 **1.62 Series B-2 General Obligation Bonds.** The District's Tulare Local Health
15 Care District (Tulare County, California) General Obligation Bonds, Election of 2005,
16 Series B-2 (2009), issued in the original aggregate principal amount of \$61,405,000
17 that, from and after the Effective Date, shall (a) be Reinstated, (b) remain outstanding,
18 and (c) be payable on the terms specified in the related Bond Documents and this Plan.

19 **1.63 Series B-2 General Obligation Bonds Claims.** Any Claims relating to or
20 based upon the Series B-2 General Obligation Bonds or related Bond Documents.

21 **1.64 Secured Claim.** Any Claim secured by a valid, perfected and enforceable
22 Lien that is not subject to avoidance under bankruptcy or non-bankruptcy law, equal to
23 the value, as determined by the Bankruptcy Court pursuant to Sections 506(a) and
24 1129(b) of the Bankruptcy Code and Bankruptcy Rule 3012, of (i) the interest of the
25 holder of such Claim in the property of the Debtor securing such Claim, or (ii) the
26 amount subject to setoff under Section 553 of the Bankruptcy Code.

27 **1.65 Unsecured Claim.** Any Claim that is not (i) an Administrative Claim, (ii) a
28 Secured Claim, or (iii) a Liability Claim or (iv) Administrative Convenience Claim.

ARTICLE II

TREATMENT OF UNCLASSIFIED CLAIMS

3 2.1 **Unclassified Claims.** As provided in Section 1123(a)(1) of the
4 Bankruptcy Code, Administrative Claims against the Debtor are not classified for
5 purposes of voting on, or receiving distributions under, the Plan. Holders of such
6 Claims are not entitled to vote on the Plan. All such Claims are instead treated
7 separately in accordance with this Article II and in accordance with the requirements set
8 forth in Section 1129(a)(9)(A) of the Bankruptcy Code.

2.2 Administrative Claims.

2.2.1 Generally. Administrative Claims are not placed into voting Classes; instead they are unclassified. They are not considered impaired and they do not vote on the Plan because they are automatically entitled to the specific treatment provided for them in the Bankruptcy Code.

Each Administrative Claim shall, unless the holder of such Claim shall have agreed to different treatment of such Claim, be paid in full in Cash on the latest of:

(a) the 5th Business Day following the Effective Date, or as soon thereafter as practicable; (b) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as practicable; (c) the 10th Business Day after such Claim is Allowed, or as soon thereafter as practicable; and (d) such date as the holder of such Claim and the Debtor may agree.

The Debtor as Disbursing Agent shall make Distributions to the holders of
Administrative Claims.

2.2.2 Administrative Claim Bar Date. All requests for allowance and payment of administrative expenses including only unimpaired claims arising post-petition not entitled to priority as an administrative expense of the Chapter 9 Case must be filed by the Administrative Claim Bar Date to be set by Order of the Court. The Administrative Claim Bar Date applies to any Claim (or portion of a Claim) that has

1 previously been filed (in a proof of claim) or listed as undisputed (in the List of
2 Creditors). To the extent any Creditor asserts that any portion of its Claim (whether filed
3 or listed) is entitled to priority under Section 503(b) and 901 of the Bankruptcy Code or
4 otherwise, that Creditor must file a timely separate request for payment of such priority
5 portion by the Administrative Claim Bar Date (unless such amount has been previously
6 Allowed by order of the Bankruptcy Court).

7 The Administrative Claim Bar Date does not apply to (a) Administrative Claims
8 previously Allowed by order of the Bankruptcy Court, or (b) administrative expenses that
9 have previously been paid by the Debtor, in whole or in part, in the ordinary course of
10 the Debtor's business.

11 Any Administrative Claim that must be filed by the Administrative Claim Bar Date
12 and is not timely filed shall be forever barred from asserting a Claim against the Debtor
13 or the Debtor or its property, voting on the Plan, and sharing in any distribution under
14 the Plan.

15 **2.2.3 Assumption Obligations and Rejection of Agreements.** The
16 District has already addressed hundreds of executory contracts. Orders assuming,
17 rejecting and assigning are on record. At least fifteen days prior to the Confirmation
18 hearing and pursuant to Article VI the District will determine the treatment of any
19 remaining executory contracts. Any such executory contracts that are not assumed will
20 be deemed rejected, except for Provider Agreements between the District, Medicare,
21 Medi-Cal, Medicaid and the State of California.

22 **2.3 Source of Payment.** The various sources of revenue are shown on
23 Exhibit A to the Disclosure Statement.

24 **2.4 Payments for Services of Expenses in the Chapter 9 Case.** All
25 amounts to be paid by the Debtor for services and expenses in the Chapter 9 Case or
26 incident to this Plan must be fully disclosed and reasonable pursuant to Section
27 943(b)(3) of the Bankruptcy Court. Applications for ratification of all such fees will be
28

1 filed on or before the Effective Date. Most such fees have been paid in the ordinary
2 course of business as is allowed in Chapter 9.

3 ARTICLE III

4 CLASSIFICATION OF CLAIMS

5 **3.1 Summary of Classification.** In accordance with Section 1123(a)(1) of the
6 Bankruptcy Code, all Claims of Creditors (except those Claims receiving treatment as
7 set forth in Article II) are placed in the Classes described below for all purposes,
8 including voting on, confirmation of, and distribution under, the Plan:

9	Class 1	Series A General Obligation Bonds Claims	Unimpaired. deemed to accept.
10	Class 2	Series B-1 General Obligation Bonds Claims	Unimpaired, deemed to accept.
11	Class 3	Series B-2 General Obligation Bonds Claims	Unimpaired, deemed to accept.
12	Class 4	Revenue Bonds	Impaired, Entitled to Vote.
13	Class 5	Adventist Health	Unimpaired, deemed to accept.
14	Class 6	City of Tulare	Unimpaired, Not Entitled to Vote.
15	Class 7	Miscellaneous Secured Claims	Unimpaired, deemed to accept.
16	Class 8	Unsecured Claims	Impaired, entitled to vote.
17	Class 9	Liability Claims	Unimpaired, deemed to accept.
18	Class 10	Administrative Convenience Claims	Unimpaired, deemed to accept.

19 **3.2 Specific Classification.**

20 **3.2.1 Class 1 – Series A General Obligation Bonds Claims.** Class 1
21 consists of the Series A General Obligation Bonds Claims.
22

1 **3.2.2 Class 2 – Series B-1 General Obligation Bonds Claims.** Class
2 2.A consists of the Series B-1 General Obligation Bonds Claims.

3 **3.2.3 Class 3 – Series B-2 General Obligation Bonds Claims.** Class 3
4 consists of the Series B-2 General Obligation Bonds Claims.

5 **3.2.5 Class 4 – Revenue Bonds.** Class 4 consists of all Revenue Bond
6 Claims.

7 **3.2.6 Class 5 – Adventist Health.** Class 5 consists of the claims of
8 Adventist Health.

9 **3.2.7 Class 6 – City of Tulare.** Class 6 consists of the claims of the City
10 of Tulare.

11 **3.2.8 Class 7 – Miscellaneous Secured Claims.** Class 7 consists of all
12 Secured Claims against the Debtor not included in Classes 1 through 6, if any. Each
13 holder of a Secured Claim in Class 7 is considered to be in its own separate subclass
14 within Class 7, and each such subclass is deemed to be a separate Class for purposes
15 of the Plan and is numbered Class 7A, Class 7B, etc.

16 **3.2.9 Class 8 – Unsecured Claims.** Class 8 consists of all Unsecured
17 Claims against the Debtor.

18 **3.2.10 Class 9 – Liability Claims.** Class 9 consists of all Liability Claims
19 against the Debtor.

20 **3.2.11 Class 10 – Administrative Convenience Claims.** Class 10
21 consists of allowed general unsecured claims for \$5,000 or less each who make an
22 election to accept 50% payable on the Effective Date.

23 ARTICLE IV

24 TREATMENT OF CLAIMS

25 **4.1 Classes 1, 2 and 3– General Obligation Bonds.**

26 **4.1.1 Impairment and Voting.** Classes 1, 2 and 3 are not impaired
27 under the Plan and are not entitled to vote on the Plan.

28 **4.1.2 Treatment.**

1 **Class 1 Series A General Obligation Bonds Claims.** On the Effective
2 Date, the Series A General Obligation Bonds Claims shall be Allowed in the amount of
3 all then outstanding principal, accrued but unpaid interest on the Series A General
4 Obligation Bonds, plus then existing and unpaid Paying Agent and Bond Insurer
5 expenses (including professional fees) regarding the Series A General Obligation
6 Bonds, and all Series A General Obligation Bonds Claims and related Bond Documents
7 shall be Reinstated. From and after the Effective Date, the Series A General Obligation
8 Bonds shall continue to be paid in accordance with the applicable Bond Documents.
9 For the avoidance of doubt, all revenues pledged or otherwise used for payment of
10 Series A General Obligation Bonds Claims shall remain special revenues as defined in
11 Section 902 of the Bankruptcy Code, and the obligations of the Bond Insurer with
12 respect to Series A General Obligation Bonds Claims shall remain in full force and effect
13 on and after the Effective Date. All Claims of the Paying Agent and Bond Insurer for
14 fees, costs and expenses arising in connection with the Series A General Obligation
15 Bonds shall be paid in full in Cash on presentment, or as otherwise agreed by the
16 Paying Agent, Bond Insurer and District, as applicable. The District shall maintain the
17 existing cash management system used with respect to the collection of ad valorem
18 taxes and subsidy payments and the distribution of payments to the Trustee/Paying
19 Agent. Class 1 is unimpaired.

20 **Class 2 Series B-1 General Obligation Bonds Claims.** On the Effective
21 Date, the Series B-1 General Obligation Bonds Claims shall be Allowed in the amount
22 of all then outstanding principal, accrued but unpaid interest on the Series B-1 General
23 Obligation Bonds, plus then existing and unpaid Paying Agent expenses (including
24 professional fees) regarding the Series B-1 General Obligation Bonds, and all Series B-
25 1 General Obligation Bonds Claims and related Bond Documents shall be Reinstated.
26 From and after the Effective Date, the Series B-1 General Obligation Bonds shall
27 continue to be paid in accordance with the applicable Bond Documents. For the
28 avoidance of doubt, all revenues pledged or otherwise used for payment of Series B-1

1 General Obligation Bonds Claims shall remain special revenues as defined in Section
2 902 of the Bankruptcy Code. All Claims of the Paying Agent for fees, costs and
3 expenses arising in connection with the Series A General Obligation Bonds shall be
4 paid in full in Cash on presentment, or as otherwise agreed by the Paying Agent and
5 District. The District shall maintain the existing cash management system used with
6 respect to the collection of ad valorem taxes and subsidy payments and the distribution
7 of payments to the Trustee/Paying Agent Class 2 is unimpaired.

8 **Class 3 Series B-2 General Obligation Bonds Claims.** On the Effective
9 Date, the Series B-2 General Obligation Bonds Claims shall be Allowed in the amount
10 of all then outstanding principal, accrued but unpaid interest on the Series B-2 General
11 Obligation Bonds, plus then existing and unpaid Paying Agent expenses (including
12 professional fees) regarding the Series B-2 General Obligation Bonds, and all Series B-
13 2 General Obligation Bonds Claims and related Bond Documents shall be Reinstated.
14 From and after the Effective Date, the Series B-2 General Obligation Bonds shall
15 continue to be paid in accordance with the applicable Bond Documents. For the
16 avoidance of doubt, all revenues pledged or otherwise used for payment of Series B-2
17 General Obligation Bonds Claims shall remain special revenues as defined in Section
18 902 of the Bankruptcy Code and all subsidy payments from the United States Treasury
19 with respect to the Series B-2 General Obligation Bonds shall be applied to the Series
20 B-2 General Obligation Bonds in accordance with the District's practices during the
21 Chapter 9 Case, or as otherwise agreed by the Paying Agent and District. All Claims of
22 the Paying Agent for fees, costs and expenses arising in connection with the Series B-2
23 General Obligation Bonds shall be paid in full in Cash on presentment, or as otherwise
24 agreed by the Paying Agent and District. The District shall maintain the existing cash
25 management system used with respect to the collection of ad valorem taxes and
26 subsidy payments and the distribution of payments to the Trustee/Paying Agent. Class
27 3 is unimpaired.
28

1 **4.2 Class 4 Revenue Bonds Claims.** On the Effective Date, and consistent
2 with the orders entered August 3 and 7, 2018 and February 22, 2019, the Revenue
3 Bonds Claims shall be Allowed in the amount of all then outstanding principal, accrued
4 but unpaid interest on the Revenue Bonds, plus then existing and unpaid Revenue
5 Bonds Trustee expenses (including professional fees), and all Revenue Bonds Claims
6 and related Bond Documents shall be Reinstated subject to the terms of this Section.
7 The Revenue Bond Supplement shall:

8 (a) specify the terms for the District's return to compliance with
9 the payment schedule for the Revenue Bonds.

10 (b) memorialize revisions made to the definitions of Revenues
11 and Gross Revenues under the related Bond Documents during the Chapter 9 Case to
12 expressly includes District income from ad valorem taxes on real property, other District
13 income from taxes, proceeds thereof, and all District rights to receive the same, except
14 to the extent pledged to and necessary to pay District obligations on District general
15 obligation bonds in existence as of the Effective Date;

16 (c) memorialize the District's agreement with the Trustee
17 previously reached during the pendency of this Chapter 9 case to pledge additional real
18 and personal property as collateral for the Revenue Bonds; and

19 (d) otherwise ratify the District's obligations under the related
20 Bond Documents.

21 From and after the Effective Date, the Revenue Bonds shall continue to be paid
22 in accordance with the applicable Bond Documents, as modified by this Plan and the
23 Revenue Bond Supplement. For the avoidance of doubt, all revenues pledged or
24 otherwise used for payment of Revenue Bonds Claims shall remain special revenues as
25 defined in Section 902 of the Bankruptcy Code. All claims of the Revenue Bonds
26 Trustee for fees, costs and expenses arising in connection with the Revenue Bonds
27 shall be paid in full in Cash on presentment, or as otherwise agreed by the Revenue
28 Bonds Trustee and District. The District shall maintain the existing cash management

1 system used with respect to the collection of ad valorem taxes and subsidy payments
2 and the distribution of payments to the Trustee/Paying Agent. Class 4 is impaired and is
3 entitled to vote to accept or reject this Plan in accordance with procedures approved by
4 the Bankruptcy Court.

5 **4.3 Class 5 – Adventist Health.**

6 This claim is unimpaired and it will be paid in accordance with the terms of the
7 Credit Agreement and the Orders dated August 3 and August 7, 2018.

8 **4.4 Class 6 – City of Tulare.**

9 This Class 6 claim is unimpaired and it will be paid in accordance with its terms,
10 and the Order dated February 22, 2019.

11 **4.5 Class 7 – Miscellaneous Secured Claims.**

12 **4.5.1 Impairment and Voting.** The Debtor is not currently aware of the
13 existence of any miscellaneous Class 7 Secured Claims. To the extent any such claims
14 are asserted and Allowed then, on or before the Effective Date of the Plan, the Debtor
15 will select one of the following alternative treatments for each holder of an Allowed
16 Secured Claim: (1) the Debtor will leave unaltered the legal, equitable, and contractual
17 rights constituting such Claim, including, without limitation, any Liens related thereto
18 and, on the Effective Date, the Claim shall be reinstated and cured, (2) the Debtor will
19 abandon or surrender to the holder of such Claim the property securing the Claim, in full
20 satisfaction and release of such Claim, or (3) the Debtor will make a Cash payment
21 equal to the amount of such Claim, or such lesser amount to which the holder of the
22 Claim and the Debtor shall agree, in full satisfaction and release of the Claim.

23 **4.6 Class 8 – Unsecured Claims.**

24 **4.6.1 Impairment and Voting.** Class 8 is impaired under the Plan and
25 the holders of Unsecured Claims are entitled to vote on the Plan.

26 **4.6.2 Treatment.** Each holder of an Allowed Unsecured Claim shall
27 receive, in exchange for and in full and final satisfaction of such Claim, a Pro Rata share

1 of the distributions to Class 8 from the Plan Fund. The Debtor estimates that the
2 aggregate amount of allowed Unsecured Claims will be approximately \$16,500,000 to
3 \$26,000,000 million held by approximately 250 ± Class 8 Creditors.¹ The Debtor further
4 estimates that the aggregate percentage distribution to the holders of an Allowed
5 Unsecured Claim will be 19.2% to 30.3%, which is more than will be received if this
6 Chapter 9 case is dismissed. The payouts will be \$500,000 in 2025, \$750,000 in 2026,
7 \$1,000,000 in 2027, \$1,250,000 in 2028 and \$1,500,000 in 2029. Payments will be
8 made semi-annually to Class 8 Claimants with Allowed Claims for 5 years.

9 **4.7 Class 9 – Liability Claims.**

10 **4.7.1 Impairment and Voting.** Class 9 is not impaired under the Plan
11 and the holders of Liability Claims are deemed to have accepted the Plan under Section
12 1126(f) of the Bankruptcy Code and are not entitled to vote on the Plan.

13 **4.7.2 Treatment.** Each holder of a Liability Claim shall be paid from the
14 proceeds of any applicable insurance policy or coverage agreement issued to or for the
15 benefit of the District. The District will honor any “deductible” from its operating
16 revenues. These amounts, to the extent determined to constitute a liability of the
17 Debtor, would be payable under applicable insurance or coverage agreements (except
18 any deductible). These claims are provided for in Class 9.

19 **4.8 Class 10 – Administrative Convenience Claims**

20 **4.8.1 Impairment and Voting.** Class 10 is a subclass of Class 8 and is
21 comprised of Administrative Convenience Class Claims, which are defined in the Plan
22 as Allowed Claims that are for \$5,000 or less whose holders irrevocably elect to be
23 reduced to 50% of the allowed amount as evidenced on the Ballot submitted by such
24 holder. Under the Plan, on the Effective Date, each holder of an Allowed Administrative

25

26 ¹ The Debtor recognizes that there is a significant variation between the low and high ends of the
27 unsecured claims estimate. Much of this is due to large disputed proofs of claim filed by governmental
28 entities by which large overpayment claims are being asserted. The Debtor has filed all necessary cost
reports and believes that once these audits are completed, in 24-36 months, the overpayment claims will
be eliminated and about \$300,000 of escrowed funds will be released back to the Debtor. Other
reductions may be achieved through objections to claims and pending or to be filed litigation. Objections
to these overpayment claims are on file or soon will be.

1 Convenience Class Claim who opts into Class 10 will be paid said amount in complete
2 settlement of such claim. The Class 10 Claims are not impaired. The following Class 8
3 claimants are eligible to opt into to Class 10.

	Name	Filed Amt.
5	Chemsci Technologies, Inc.	\$ 4,860.00
6	Tri-Anim Health Services Inc	\$ 4,722.96
7	Will Tiesiera Ford	\$ 4,450.04
8	Res Com Pest Control	\$ 4,423.00
9	Shred-It Usa Llc	\$ 4,349.51
10	Freedom Medical, Inc.	\$ 4,103.44
11	Bayer Healthcare	\$ 3,890.52
12	Cummins West Inc.	\$ 3,881.44
13	Alimed Inc	\$ 3,825.94
14	Language Line Services	\$ 3,740.07
15	Leaf Capital Funding	\$ 3,705.52
16	GE Healthcare Life Sciences	\$ 3,583.27
17	Baxter Healthcare Corp	\$ 3,515.53
18	HD Supply Facilities Maintenance Ltd	\$ 3,375.11
19	Stryker Instruments	\$ 3,170.43
20	Sigma-Aldrich / Supelco	\$ 3,013.68
21	Allied Reliability Inc.	\$ 2,950.00
22	Kerma Medical Products, Inc.	\$ 2,938.27
23	Iron Mountain	\$ 2,718.51
24	Sumwalt, Todd	\$ 2,605.00
25	Src. Medical	\$ 2,509.89
26	A&M Compressors	\$ 2,479.27
27	Agilent Technologies, Inc	\$ 2,445.99
28	Lifenet Health	\$ 2,415.00
	Aetna	\$ 2,033.42
	Rotoco Inc., Dba Roto-Rooter	\$ 1,825.00
	Mobile Mini, Llc	\$ 1,816.24
	Trackstar Printing, Inc.	\$ 1,718.79
	Todd Mackey	\$ 1,320.00
	Leticia York, Slp	\$ 1,260.00
	Maine Standards Company, Llc	\$ 1,102.96
	Memories Unlimited	\$ 1,000.83
	Morris Levin & Son	\$ 982.01
	Federal Insurance Company	\$ 971.00
	J's Communications, Inc.	\$ 914.10
	Tech-Time Communications, Inc.	\$ 875.00
	AT&T Corp.	\$ 828.73
	Pacific Bell Telephone Company	\$ 796.43

	Name	Filed Amt.
1	AT&T Mobility	\$ 758.77
2	Marketlab Inc	\$ 738.71
3	Henry Schein, Inc.	\$ 730.25
4	Av Now, Inc.	\$ 658.97
5	Landauer Inc	\$ 642.09
6	Mimedx Group Inc.	\$ 627.00
7	Ansell Sandel Medical Solutions, Llc	\$ 561.04
8	Axces Industrial Supply	\$ 521.51
9	Mobile Modular Management Corp	\$ 509.98
10	Abbott Nutrition	\$ 454.07
11	EI Sohly Laboratories, Inc.	\$ 453.20
12	American Academy Of Pediatrics	\$ 413.58
13	Green Box Rentals, Inc	\$ 351.80
14	Identicard Systems	\$ 270.63
15	Uline	\$ 217.41
16	AT&T Long Distance, LLC	\$ 170.41
17	Instant Storage	\$ 164.63
18	Your Water Birth	\$ 105.00
19	Helmer Scientific	\$ 79.83
20	Seton Identification Products	\$ 56.65
21	Total	\$ 109,632.43

4.8.2 Treatment. Each holder of a Class 10 claim who elects such treatment will be paid 50% of the claim amount on the Effective Date.

4.9 Nonconsensual Confirmation.

In the event that any impaired Class of Claims does not accept the Plan in accordance with Sections 1126 and 1129(a)(8) of the Bankruptcy Code, the Debtor hereby reserves the right to (i) request that the Bankruptcy Court confirm the Plan in accordance with Section 1129(b) of the Bankruptcy Code on the basis that the Plan is fair and equitable as to the holders of Claims in any such Class, or (ii) amend or modify the Plan in accordance with its terms or as otherwise permitted.

4.10 Risk Factors.

There are risks associated with the Debtor's ability to perform the Plan including:

- Ad Valorem tax revenues may decline.
- Cost and expenses of maintaining District properties may be greater than projected.

- 1 • Lessors of real property may default on payments of rent.
- 2 • AH Tulare may not continue to lease the Hospital.
- 3 • Malpractice awards could exceed coverage.
- 4 • Rent revenues may not be achieved.
- 5 • Anticipated sales of assets may fail.
- 6 • Recoveries in litigation and avoidance claims may not be
achieved.
- 7 • Additional costly seismic and other regulations may be imposed
on the District.
- 8 • Government laws and rules may result in decreased funding.
- 9 • California and federal laws may impose much greater expenses
on healthcare districts.
- 10 • Claims may exceed the high end guestimate.

ARTICLE V

IMPLEMENTATION OF THE PLAN

The Plan shall be implemented on the Effective Date. In addition to the provisions set forth elsewhere in this Plan regarding means of execution, the following shall constitute the principal means for the implementation of the Plan.

5.1 Retention of Property. Upon the Effective Date, the Debtor shall be vested with all right, title and interest in all of the assets of the Debtor for the purposes set forth in this Plan.

5.2 Post-Confirmation Operations.

5.2.1 Continued Business.

On and after the Effective Date, the Debtor shall continue to operate pursuant to the District Law and other applicable law. The Debtor will continue to own and maintain the Hospital and will monitor the lease of the Hospital, own, maintain and operate its other assets, provide healthcare services and programs, and may use, acquire and dispose of its assets without supervision by the Bankruptcy Court and free of any restrictions under the Bankruptcy Code.

5.2.2 Payment of Expenses. The expenses incurred by the Debtor related to the Plan on and after the Effective Date (including the fees and costs of

1 attorneys and other professionals), may be paid in the ordinary course of its affairs
2 without further notice to Creditors or approval of the Bankruptcy Court.

3 **5.2.3 Governance.** On and after the Effective Date, the management,
4 control and operation of the Debtor shall continue to be the general responsibility of the
5 District Governing Body. The members of the District Governing Body shall serve in
6 accordance with applicable non-bankruptcy law.

7 **5.3 Plan Fund.** On the Effective Date, the Debtor shall establish the Plan
8 Fund for purposes of making Distributions to Class 8 under the Plan. The Debtor will
9 deposit into the Plan Fund sufficient funds to make the semi-annual distributions to
10 Class 8 as provided in the Plan. The Plan Fund shall secure the payment of the
11 obligations of the Debtor to Class 8 as provided in the Plan. The Confirmation Order
12 shall appoint the Debtor as the Disbursing Agent under the Plan for the purposes set
13 forth in Section 944(b)(2) of the Bankruptcy Code.

14 **5.4 Retained Claims and Defenses.**

15 **5.4.1 Retention.** None of the Retained Claims or Defenses shall be
16 precluded, barred or subject to estoppel or laches because the Plan or the Disclosure
17 Statement does not specifically identify a Retained Claim or Defense or the entity
18 against whom a Retained Claim or Defense may be asserted. Parties in interest,
19 including Creditors, may not rely on the absence of a reference in the Disclosure
20 Statement or the Plan as any indication that the Debtor will not pursue any
21 available Retained Claims and Defenses against such parties. The Bankruptcy
22 Court shall retain jurisdiction to determine any Retained Claims or Defenses. Following
23 the Effective Date, the Debtor may compromise or dispose of the Retained Claims and
24 Defenses including avoidance claims without further notice to Creditors or authorization
25 of the Bankruptcy Court.

26 **5.4.2 Investigation and Enforcement.** Pursuant to Section 901 and
27 1123(b)(3) of the Bankruptcy Code, the Debtor shall have and may enforce all lawful
28 powers and authority under the Bankruptcy Code to the extent of and consistent with its

1 authority under the Plan. The Debtor may investigate Retained Claims and Defenses
2 and may assert, settle, adjust or enforce any such claims or defenses without further
3 court approval.

4 **5.4.3 Preference Actions Not Waived.** The statute of limitation for the
5 Debtor to commence actions to recover preferential transfers under Section 547 of the
6 Bankruptcy Code will expire on January 27, 2020, which is two years after entry of the
7 Order for Relief. The Debtor has reviewed potential Preference Actions under Section
8 547 of the Bankruptcy Code against Creditors that received payments within the 90 and
9 365 days preceding the Petition Date and determined that the pursuit of such actions
10 will be cost effective and all rights to pursue all preference or other avoidance actions
11 are preserved.

12 **5.5 Distributions.**

13 **5.5.1 Reserves for Disputed Claims.** On the Effective Date, and from
14 time to time thereafter, the Debtor will establish adequate and prudent reserves in an
15 amount that is sufficient to make the payments required under the Plan to the holders
16 of Disputed Claims against the Debtor, as and when such claims may be Allowed,
17 amended, settled or withdrawn. The funds reserved on account of Disputed Claims
18 will not be distributed but will be retained by the Disbursing Agent in accordance with
19 this Plan pending resolution of such Disputed Claims. No holder of a Disputed Claim
20 shall have any Claim against the reserve with respect to such Claim until such
21 Disputed Claim shall become an Allowed Claim.

22 **5.5.2 Full and Final Satisfaction.** Upon the Effective Date, the Debtor
23 as the Disbursing Agent shall be authorized and directed to distribute the amounts
24 required under the Plan according to the provisions of the Plan. Upon the Effective
25 Date, all Debts of the Debtor shall be deemed fixed and adjusted pursuant to this Plan
26 and the Debtor shall have no further liability on account of any Claims except as set
27 forth in this Plan.

28

1 **5.5.3 No Post-Petition Interest.** For purposes of computing
2 distributions under the Plan, unless specifically allowed by the Plan or order confirming
3 the Plan, no Claim shall include any interest, penalty, premium or late charge accruing
4 on such claim from and after the Petition Date, other than as permitted pursuant to
5 Section 506(b) of the Bankruptcy Code or by a Final Order of the Bankruptcy Court.

6 **5.5.4 Distribution Procedures.** Except as otherwise agreed by the
7 holder of a particular Claim, or as provided in this Plan, all amounts to be paid by the
8 Debtor under the Plan shall be distributed in such amounts and at such times as is
9 provided for by the Plan. The Debtor shall file all objections to Disputed Claims on or
10 before ninety (90) days of the Effective Date, unless the Bankruptcy Court, for cause
11 shown, extends such deadline.

12 **5.5.5 Disputed Claims.** The Debtor shall be authorized to settle, or
13 withdraw any objections to, any Disputed Claims following the Confirmation Date
14 without further notice to Creditors or authorization of the Bankruptcy Court, in which
15 event such Claim shall be deemed to be an Allowed Claim in the amount compromised
16 for purposes of this Plan.

17 **5.5.6 Unclaimed Distributions.** Any entity which fails to claim any Cash
18 within ninety (90) days from the date upon which a Distribution is first made to such
19 entity shall forfeit all rights to such Distribution under the Plan and the Disbursing Agent
20 shall be authorized to cancel any Distribution that is not timely claimed. Pursuant to
21 Section 347(b) of the Bankruptcy Code, upon forfeiture, such Cash (including interest
22 thereon, if any) shall revert to the Debtor. Upon forfeiture, the claim of any Creditor with
23 respect to such funds shall be discharged and forever barred notwithstanding any
24 federal or state escheat laws to the contrary, and such Creditor shall have no claim
25 whatsoever against the Debtor.

26 **5.5.7 Setoff.** Nothing contained in this Plan shall constitute a waiver or
27 release by the Debtor of any right of setoff or recoupment the Debtor may have against
28 any Creditor. The Debtor may, but is not required to, set off or recoup against any

1 Claim and the payments or other distributions to be made under the Plan in respect of
2 such Claim, claims of any nature whatsoever that arose before the Petition Date that the
3 Debtor may have against the holder of such Claim.

4 **5.5.8 Taxes.** The Disbursing Agent shall be entitled to deduct any
5 federal, state or local withholding taxes from Distributions. The Disbursing Agent shall
6 be authorized to take all actions necessary to comply with applicable withholding and
7 reporting requirements. Notwithstanding any other provision of this Plan, each holder of
8 an Allowed Claim that receives a Distribution shall have responsibility for the
9 satisfaction or payment of any tax obligation imposed by any governmental unit,
10 including income, withholding and other tax obligation on account of such Distribution.

11 **5.5.9 De Minimis Distributions.** If any interim distribution under the
12 Plan to the holder of an Allowed Claim (other than Class 10) would be less than \$50.00,
13 the Disbursing Agent may withhold such distribution until a final distribution is made to
14 such holder. If any final distribution under the Plan to the holder of an Allowed Claim
15 would be less than \$50.00, the Disbursing Agent may cancel such distribution. Any
16 unclaimed distributions shall be treated as unclaimed property.

ARTICLE VI

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.1 Assumption.

20 The Plan provides the Debtor will assume only the executory contracts and
21 unexpired leases of the Debtor that (i) have otherwise been assumed by a prior order of
22 the Bankruptcy Court, or (ii) are the subject of a pending motion to assume as of the
23 Confirmation Date. All other remaining such agreements will be deemed rejected,
24 except for Provider Agreements between the District, Medicare, Medi-Cal, Medicaid and
25 the State of California.

26 **6.2 Rejection.** On the Effective Date, unless previously ordered or subject to
27 a then pending motion to assume or reject, pursuant to Section 1123(b)(2) of the
28 Bankruptcy Code, the Debtor will reject all remaining executory contracts that have not

1 been previously assumed or rejected (together with any additions, deletions,
2 modifications or other revisions to such Exhibits as may be made by the Debtor prior to
3 the Confirmation Date), except for Provider Agreements between the District, Medicare,
4 Medi-Cal, Medicaid and the State of California. Each such executory contract and
5 unexpired lease shall include any modifications, amendments and supplements to such
6 agreement. Any Person asserting any Claim for damages arising from the rejection of
7 an executory contract or unexpired lease of the Debtor under this Plan shall file such
8 Claim on or before the Rejection Claim Bar Date (unless governed by an earlier Order),
9 or be forever barred from (i) asserting such Claim against the Debtor, the Debtor or any
10 property of the Debtor, and (ii) sharing in any distribution under the Plan.

11 **6.3 Assumption Obligations.** Any Person that fails to object to the
12 assumption by the Debtor of an executory contract or unexpired lease on or prior to the
13 deadline set or previously set by the Bankruptcy Court for filing objections to
14 Confirmation of the Plan shall be forever barred from (i) asserting any other, additional,
15 or different amount on account of such obligations against the Debtor or the Debtor, and
16 (ii) sharing in any other, additional or different distribution under the Plan on account of
17 such obligations. If and to the extent any Assumption Obligation is determined and
18 allowed by the Bankruptcy Court, the Debtor shall satisfy such cure Assumption
19 Obligation by making a Cash payment in the manner provided for Administrative Claims
20 under Article II of the Plan.

21 **6.4 Effect of Confirmation Order.**

22 **6.4.1** The Confirmation Order shall constitute an order of the
23 Bankruptcy Court approving, as of the Effective Date, the assumption or rejection by the
24 Debtor pursuant to Sections 365(a), 901 and 1123(b)(2) of the Bankruptcy Code of all
25 executory contracts and unexpired leases identified under Article VI of the Plan. The
26 contracts and leases identified in the Plan will be assumed or rejected, respectively,
27 only to the extent that such contracts or leases constitute pre-petition executory
28 contracts or unexpired leases of the Debtor, and the identification of such agreements

under the Plan does not constitute an admission with respect to the characterization of such agreements or the existence of any unperformed obligations, defaults, or damages thereunder. The Plan does not affect any executory contracts or unexpired leases that (a) have been previously assumed, rejected or terminated prior to the Confirmation Date, (b) are the subject of a pending motion to assume, reject or terminate as of the Confirmation Date, or (c) are not identified for assumption or rejection in the Plan.

7 **6.5 Insurance/Coverage Agreements.** Any insurance policy issued to or for
8 the benefit of the Debtor (or any member of the District Governing Body or other Agent
9 of the Debtor) before or after the Petition Date shall remain in full force and effect after
10 the Effective Date according to its terms, including agreement with BETA.

11 6.6 Indentures. The General Obligation and Revenue Bond Indentures
12 relating to Classes 1 to 4 shall remain in full force and effect after the Effective Date
13 according to their respective terms.

ARTICLE VII

CONDITIONS PRECEDENT

16 **7.1 Conditions to Confirmation.** The following is a condition to the
17 confirmation of the Plan: the Confirmation Order shall have been entered and shall be
18 in a form and substance reasonably acceptable to the Debtor.

19 **7.2 Conditions to Effectiveness.** The following are conditions precedent to
20 the occurrence of the Effective Date:

21 (a) The Confirmation Date shall have occurred;

22 (b) The Confirmation Order must be reasonably acceptable and

23 approved by the Bond Insurer and Paying Agent;

24 (c) The Revenue Bond Supplement on terms acceptable to the Debtor

25 and Trustee shall have been executed; and

26 (d) The Confirmation Order shall be a Final Order, except that the

27 Debtor reserves the right, in its sole discretion, to cause the Effective Date to occur

28 notwithstanding the pendency of an appeal of the Confirmation Order.

1 **7.3 Waiver of Conditions.** Conditions to Confirmation, except as provided in
2 7.2(b) and (c) above, and the Effective Date may be waived in whole or in part by the
3 Debtor at any time without notice, an order of the Bankruptcy Court, or any further
4 action other than proceeding to Confirmation and consummation of the Plan.

ARTICLE VIII

EFFECTS OF CONFIRMATION

7 8.1 **Binding Effect.** The rights afforded under the Plan and the treatment of
8 Claims under the Plan shall be the sole and exclusive remedy on account of such
9 Claims against the Debtor and the Debtor, including any interest accrued on such
10 Claims from and after the Petition Date or interest which would have accrued but for the
11 commencement of the Chapter 9 Case. Confirmation of the Plan shall bind and govern
12 the acts of the Debtor and any Creditor of the Debtor, whether or not: (i) a proof of
13 Claim is filed or deemed filed pursuant to Section 501 of the Bankruptcy Code; (ii) a
14 Claim is allowed pursuant to Section 502 of the Bankruptcy Code, or (iii) the holder of a
15 Claim has accepted the Plan.

16 8.2 **Vesting.** Upon the Effective Date, all property of the Debtor shall vest in
17 the Debtor. Following the Effective Date, the Debtor may use, transfer and dispose of
18 any such property free of any restrictions imposed by the Bankruptcy Code or the
19 Bankruptcy Rules and without further approval of the Bankruptcy Court or notice to
20 Creditors, except as may otherwise be required under the Plan or the Confirmation
21 Order.

22 **8.3 Discharge.** The rights afforded under the Plan and the treatment of
23 Claims under the Plan are in exchange for and in complete satisfaction, discharge, and
24 release of all Claims by Creditors against the Debtor. Except as otherwise expressly
25 provided in the Plan, Confirmation of the Plan shall discharge the Debtor from all Claims
26 or other debts that arose at any time before the Effective Date whether or not: (i) a proof
27 of claim based on such debt is filed or deemed filed pursuant to Section 501 of the
28 Bankruptcy Code; (ii) a Claim based on such debt is Allowed pursuant to Section 502 of

1 the Bankruptcy Code; or (iii) the holder of a Claim has accepted the Plan. As of the
2 Effective Date, all Creditors that have held, currently hold or may hold a Claim or other
3 debt or liability that is discharged or any other right that is terminated under the
4 Bankruptcy Code or the Plan are permanently enjoined from commencing or continuing
5 any action, the employment of process, or other act, to collect, recover or offset any
6 such Claim as a personal liability of the Debtor or the Debtor to the full extent permitted
7 by Sections 524(a)(1) and (2) of the Bankruptcy Code.

8 **8.4 No Exceptions to Discharge Under Plan.** There are no debts of the
9 Debtor that are excepted by the Plan from the discharge afforded the Debtor under
10 Section 944 of the Bankruptcy Code. All debts including debts arising post-petition not
11 qualified as administrative expense claims will be discharged upon Confirmation.

12 **8.5 Limitation of Liability.** The Debtor and its Agents shall have all of the
13 benefits and protections afforded under Section 1125(e) of the Bankruptcy Code and
14 applicable law.

15 **8.6 Exoneration.** The Debtor and its Agents, attorneys, financial consultants
16 and the Bond Trustee, Paying Agent and Syncora Guarantee Inc. , and their attorneys
17 shall not be liable, other than for gross negligence or willful misconduct, to any holder of
18 a Claim or any other entity with respect to any action, omission, forbearance from
19 action, decision, or exercise of discretion taken at any time after the Petition Date and
20 prior to the Effective Date in connection with: (a) the management or operation of the
21 Debtor or the discharge of its duties under the Bankruptcy Code, (b) the implementation
22 of any of the transactions provided for, or contemplated in, the Plan, (c) any action or
23 inaction taken in connection with either the enforcement of the Debtor's rights against
24 any entities or the defense of Claims asserted against the Debtor with regard to the
25 Chapter 9 Case, (d) any action taken in the negotiation, formulation, development,
26 proposal, disclosure, Confirmation or implementation of the Plan, or (e) the
27 administration of the Plan or the assets and property to be distributed pursuant to the
28 Plan. The exonerated persons, and their respective Agents, may reasonably rely upon

1 the opinions of their respective counsel, accountants, and other experts and
2 professionals and such reliance, if reasonable, shall conclusively establish good faith
3 and the absence of gross negligence or willful misconduct; provided however, that a
4 determination that such reliance is unreasonable shall not, by itself, constitute a
5 determination or finding of bad faith, gross negligence or willful misconduct. Any action,
6 suit or proceeding by any holder of a Claim or any other entity contesting any action,
7 omission, forbearance from action, decision or exercise of discretion in connection with
8 the matters in subsections (a) through (e) above, by the Debtor, the exonerated persons
9 and their respective Agents, or any of them, whether commenced before or after the
10 Effective Date, shall be commenced only in the Bankruptcy Court.²

ARTICLE IX

RETENTION OF JURISDICTION

13 Notwithstanding the entry of the Confirmation Order and the occurrence of the
14 Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 9 Case
15 after the Effective Date pursuant to Section 945(a) of the Bankruptcy Code, including,
16 without limitation, jurisdiction to:

17 (a) Allow, disallow, determine, liquidate, classify, estimate, or establish
18 the priority or secured or unsecured status of any Claim, including the resolution of any
19 request for payment of any Administrative Claim and the resolution of any objections to
20 the allowance or priority of Claims;

21 (b) Resolve any matters related to the assumption, assumption and
22 assignment, or rejection of any executory contract or unexpired lease to which the
23 Debtor is a party and to hear, determine and, if necessary, liquidate, any Claims arising
24 from, or Assumption Obligations related to, such assumption or rejection;

25

26

27 ² For the avoidance of doubt, nothing herein shall affect the rights and obligations of Adventist Health, AH
Tulare, the Debtor and the Reorganized Debtor under or pursuant to the Lease, the APA, the Credit
Agreement, the Security Agreement, the Deed, the MSA or any related documents, nor the loan
agreements with the City of Tulare.

1 (c) Ensure that Distributions to holders of Allowed Claims are
2 accomplished in accordance with the Plan;

3 (d) Decide or resolve any motions, adversary proceedings, contested
4 or litigated matters, and any other matters and grant or deny any applications or
5 motions involving the Debtor that may be pending on the Effective Date;

6 (e) Enter such orders as may be necessary or appropriate to
7 implement or consummate the provisions of the Plan and all contracts, instruments,
8 releases, and other agreements or documents created in connection with the Plan or
9 the Disclosure Statement;

10 (f) Resolve any cases, controversies, suits or disputes that may arise
11 in connection with the consummation, interpretation or enforcement of the Plan or any
12 Person's obligations incurred in connection with the Plan;

13 (g) Modify the Plan before or after the Effective Date under Section
14 942 of the Bankruptcy Code or modify the Disclosure Statement or any contract,
15 instrument, release, or other agreement or document created in connection with the
16 Plan or the Disclosure Statement; or remedy any defect or omission or reconcile any
17 inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, or any
18 contract, instrument, release, or other agreement or document created in connection
19 with the Plan and the Disclosure Statement, in such manner as may be necessary or
20 appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code;

21 (h) Issue injunctions, enter and implement other orders, or take such
22 other actions as may be necessary or appropriate to restrain interference by any entity
23 with consummation or enforcement of the Plan, except as otherwise provided in the
24 Plan;

25 (i) Enter and implement such orders as are necessary or appropriate if
26 the Confirmation Order is for any reason modified, stayed, reversed, revoked, or
27 vacated;

1 (j) Determine any other matters that may arise in connection with or
2 related to the Plan, the Disclosure Statement, the Confirmation Order or any contract,
3 instrument, release, or other agreement or document created in connection with the
4 Plan, the Disclosure Statement or the Confirmation Order, except as otherwise provided
5 in the Plan;

6 (k) Hear and determine Retained Claims and Defenses commenced by
7 the Debtor or the Debtor; and

8 (l) Enter a Final Decree closing the Chapter 9 Case pursuant to
9 Section 945(b) of the Bankruptcy Code which provides for the retention of jurisdiction by
10 the Bankruptcy Court for purposes of this Article IX.

ARTICLE X

AMENDMENT AND WITHDRAWAL OF PLAN

13 **10.1 Amendment of the Plan.** At any time before the Confirmation Date, the
14 Debtor may alter, amend, or modify the Plan under Section 942 of the Bankruptcy
15 Code, provided that, such alteration, amendment, or modification does not materially
16 and adversely affect the treatment and rights of the holders of Claims under this Plan.
17 After the Confirmation Date and before the effectiveness of the Plan, the Debtor may,
18 under Section 942 of the Bankruptcy Code, institute proceedings in the Bankruptcy
19 Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the
20 Disclosure Statement, or the Confirmation Order, or as otherwise may be necessary to
21 carry out the purposes and effects of the Plan so long as such proceedings do not
22 materially and adversely affect the treatment of holders of Claims under the Plan;
23 provided, however, that prior notice of such proceedings shall be served in accordance
24 with the Bankruptcy Rules or applicable order of the Bankruptcy Court.

25 **10.2 Revocation or Withdrawal of the Plan.** The Debtor reserves the right to
26 revoke or withdraw this Plan at any time in its sole discretion. If the Plan is withdrawn or
27 revoked, then the Plan shall be deemed null and void, and nothing contained in the Plan
28 shall be deemed a waiver of any Claims by or against the Debtor or any other Person in

any further proceedings involving the Debtor or an admission of any sort, and this Plan and any transaction contemplated by this Plan shall not be admitted into evidence in any proceeding.

ARTICLE XI

MISCELLANEOUS

6 11.1 Effectuating Documents; Further Transactions; Timing. The Debtor
7 shall be authorized and directed to execute, deliver, file, or record such contracts,
8 instruments, releases, and other agreements or documents, and to take such actions as
9 may be necessary or appropriate to effectuate and further evidence the terms and
10 conditions of the Plan. All transactions required to occur on the Effective Date under
11 the terms of the Plan shall be deemed to have occurred simultaneously.

12 **11.2 Governing Law.** Except to the extent that the Bankruptcy Code or other
13 federal law is applicable, the rights, duties and obligations of the Debtor, the Debtor and
14 any other Person arising under the Plan shall be governed by, and construed and
15 enforced in accordance with, the internal laws of the State of California, without giving
16 effect to California's choice of law provisions.

17 **11.3 Modification of Treatment.** The Debtor may modify the treatment or
18 payment terms of any Allowed Claim in any manner adverse only to the holder of such
19 Claim at any time after the Effective Date upon the prior written consent of the holder
20 whose Allowed Claim treatment is being adversely affected.

21 **11.4 Method of Payment.** The Debtor shall make Cash payments: (X) in U.S.
22 dollars by check, draft or warrant, drawn on a domestic bank selected by the Debtor in
23 its sole discretion, or by wire transfer from a domestic bank, at the Debtor's option, and
24 (Y) by first-class mail (or by other equivalent or superior means as determined by the
25 Debtor). Whenever any deposit, payment or distribution to be made under the Plan is
26 due on a day other than a Business Day, such deposit, payment or distribution may
27 instead be made, without interest, on the immediately following Business Day.

1 **11.5 Notice of Confirmation.** As soon as practicable following the Effective
2 Date of the Plan, the Debtor shall file and serve notice of the entry of the Confirmation
3 Order in the manner required under Bankruptcy Rule 2002(f). The notice shall further
4 identify the Effective Date and shall set forth the Administrative Claim Bar Date, the
5 Rejection Claim Bar Date and any other deadlines that may be established under the
6 Plan or the Confirmation Order.

7 **11.6 Severability of Plan Provisions.** If, prior to the Confirmation Date, any
8 provision of the Plan is judicially determined to be invalid, illegal or unenforceable, the
9 validity, legality and enforceability of the remaining provisions of the Plan shall not in
10 any way be affected or impaired thereby and the Court will have the power to alter and
11 interpret such term or provision to make it valid or enforceable to the maximum extent
12 practicable and consistent with the original purpose of the term or provision held to be
13 invalid. The Confirmation Order shall constitute a judicial determination and shall
14 provide that each term and provision of this Plan, as it may have been altered or
15 interpreted in accordance with the foregoing, is valid and enforceable in accordance
16 with its terms

17 **11.7 Notices.** Except as otherwise provided in the Plan, any notice or other
18 communication required or permitted under the Plan will be in writing and deemed to
19 have been validly served, given, delivered, and received upon the earlier of: (x) the first
20 business day after transmission by facsimile or hand delivery or deposit with an
21 overnight express service or overnight mail delivery service; or (y) the third calendar day
22 after deposit in the United States mail, with proper first class postage prepaid. If such
23 notice is made to the Debtor, it shall be addressed as follows:

24 Tulare Local Health Care District, dba Tulare Regional Medical Center
25 c/o Walter Wilhelm Law Group
Attn: TRMC
26 205 E. River Park Cir., Ste. 410
Fresno, CA 93720
rileywalter@W2LG.com

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1 McCormick Barstow, et al.
2 Todd Wynkoop
3 7647 N. Fresno St.
4 Fresno, CA 93720
todd.wynkoop@mccormickbarstow.com

5 And
6
7

8 Tulare Local Health Care District, dba Tulare Regional Medical Center
9 Attention: Chief Executive Officer
10 869 N. Cherry Street
11 Tulare, CA 93274
sormonde@tulareregional.org

12 **11.7.1 Notice to Creditors.** Notices to Creditors will be sent in
13 accordance with the Order prescribing scope of notice entered on April 29, 2019 (ECF
14 No. 1340).

15 **11.7.2 Post Confirmation Notices.** Following the Effective Date, notices
16 will only be served on the Debtor and those Creditors who file with the Court and serve
17 upon Walter Wilhelm Law Group a request, which includes such Creditor's name,
18 contact person, address, telephone number and E-mail address, that such Creditor
19 receive notice of any post-Confirmation matters. Creditors who had previously filed with
20 the Court requests for special notice of the proceedings and other filings in the Chapter
21 9 Case will not receive notice of post-Confirmation matters unless such Creditors file a
22 new request in accordance with this Section 11.7.2.

23 **11.8 Incorporation by Reference.** All exhibits, schedules and supplements to
24 the Plan are incorporated and are made a part of the Plan as if set forth in full in the
25 Plan.

26 **11.9 Computation of Time.** In computing any period of time prescribed or
27 allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply. Any
28 reference to "day" or "days" shall mean calendar days, unless otherwise specified
herein.

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1 **11.10 Conflict of Terms.** In the event of a conflict between the terms of this
2 Plan and the Disclosure Statement, the terms of this Plan will control.
3
4

Submitted By:

5 DATED: May 22 2019
6
7

WALTER WILHELM LAW GROUP
a Professional Corporation

By: Riley C. Walter
Riley C. Walter, Attorneys for
Tulare Local Healthcare District dba
Tulare Regional Medical Center

9 DATED: May 22, 2019
10
11

TULARE LOCAL HEALTHCARE DISTRICT,
dba Tulare Regional Medical Center

12 By: Kevin B. Northcraft
13 Kevin B. Northcraft, President
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